Investigating Budget Credibility: A Toolkit for Civil Society Organizations
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A guide for civil society

Do you know whether your government spent the annual budget as planned? Did the government shift funding priorities during the year? Was funding cut for services and programs you care about? Do you know whether these shifts in spending are reviewed by the legislature or disclosed to the public? To find out how to answer these questions, read on!

The International Budget Partnership (IBP) compiled this resource for civil society organizations (CSOs) and others who work on fostering greater accountability of public spending to offer guidance on how to determine whether national or subnational government spending is “credible.” This toolkit presents an overview of the concept of budget credibility, why it matters, and how it can be investigated; and it provides tactics for engaging with governments to address credibility challenges. This is not meant to be a comprehensive guide, but rather, an accessible primer to clarify the issues, with references to other tools and resources to help you dig deeper.

What is budget credibility?

Let’s first approach the concept by relating it to running a household. Each year you create a budget to plan how you will use your income. If you stick to your budget, you will be able to pay your bills and save money for the future. However, if you overspend, you will run short of cash or get into debt. If you underspend, you may neglect spending on important things for your family, such as school supplies for your children or paying your power bill.

A similar idea applies to government budgets. If the government spends more money than planned, this can cause unplanned budget deficits, higher interest rates for borrowing, and potentially cash shortages. On the other hand, if the government does not spend as much as was planned, this may mean that critical services are not getting the funding they need, which can limit supplies in health clinics or delay repairing water systems. Moreover, governments may end up spending on different priorities than those that were approved by the legislature at the start of the year, undermining accountability – and credibility. Upholding budget credibility is important because it helps to focus the government on managing its finances responsibly and delivering on its promises to citizens.
Weak budget credibility cripples an effort to combat lethal disease

Take the case of government spending to prevent the spread of Chagas disease, a life-threatening parasitic disease that affects 1.5 million people in Argentina but can be prevented by insecticides and improving housing conditions. IBP’s civil society partner in Argentina, Asociación Civil por la Igualdad y la Justicia (ACIJ), successfully lobbied the government to increase funding for this disease, achieving the highest-ever allocation in 2020. Yet, recent audit reports on the Chagas programs showed that money set aside was not being spent, in part due to insufficient staffing and coordination issues. In fact, in 2021, only 5 percent of the allocated budget for Chagas disease was spent. This severe underspending is an example of very weak budget credibility in a specific program.1

‘Budget credibility’ is a relatively new term. Most people are not familiar with it, and it is not yet commonly used in the media or public discourse. When people first hear about budget credibility, they may confuse the term with broader concepts, such as the transparency and accountability of government budgets. These concepts are all important, and related to budget credibility, but IBP defines the concept specifically as:

Budget credibility is a government’s ability to meet its revenue and expenditure targets during the fiscal year.

That is, a government’s budget is credible if it can stick to its budget during the year, raising as much money and spending as much money as was planned in the budget approved by the legislature.

Governments that have robust accountability systems around budget implementation are more likely to have credible budgets.2 This includes transparent reporting on government spending that explains budget deviations, public engagement during budget implementation to get feedback from communities, and oversight from legislatures and auditors on budget execution.

Although the credibility of government revenues is important for the integrity of the overall budget process, in this toolkit we focus mainly on the expenditure side, on the difference between how money was supposed to be spent (according to the approved budget) versus what was actually spent.

When spending during the year deviates from the approved budget, we describe it as either:

- Underspent: if actual spending is less than what was allocated in the budget, or
- Overspent: if actual spending is greater than what was allocated in the budget

Governments can overspend or underspend as compared to the total approved budget, and as compared to specific items that are included in the approved budget, such as spending by ministries, departments, or programs.

**Not all deviations are bad:** Governments make budgets to help plan for revenues that will be collected and to prioritize spending during the year, but sometimes these plans may need to change for valid reasons. For example, when COVID hit in 2020, most governments rapidly adjusted their spending priorities to focus on financing emergency health services and reducing the economic impact of social distancing. Occasional deviations from the planned budget can help governments adjust in response to economic changes and unforeseen events. Governments may also discover that they can spend less money on a program to achieve their target outcomes and results, increasing the efficiency of spending. In these cases, governments should still be accountable for the shifts they made during budget implementation by publishing budget reports that explain the scale and impact of budget deviations, providing explanations and justifications for these changes, and ensuring legislative oversight through committee meetings and hearings, and legislative approval of major budget changes.

**A widely recognized concept:** The notion that government budgets should be credible is recognized in the Sustainable Development Goals (SDGs), through SDG indicator 16.6.1, which is described as capturing “the reliability of government budgets,” and measures progress toward achieving SDG Target 16.6 on effective, accountable and transparent institutions at all levels. This indicator based on the international standards set in the Public Expenditure and Financial Accountability (PEFA) Framework, which is a tool for assessing and monitoring the performance of public financial management systems. PEFA assessments also look at budget credibility, which they call budget reliability, as a key indicator of public financial management performance. The IMF promotes a similar concept, fiscal credibility, which is broader than budget credibility in that it also looks at whether governments have credible rules and institutions that manage public finances and adhere to longer-term targets around debt limits and issuing accurate projections.

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3 SDG indicator 16.6.1 measures “Primary government expenditures as a proportion of original approved budget, by sector (or by budget codes or similar).” This is described as “reliability of government budgets” in the metadata of the World Bank Data Portal, available at: https://databank.worldbank.org/reports.aspx?source=2&type=metadata&series=GF.XPD.BUDG.ZS

4 Budget reliability in the PEFA framework is defined as assessing whether the government budget is realistic and implemented as intended. This is measured by comparing actual revenues and expenditures with the original budget, and is assessed by PEFA indicators PI-1, 2, and 3. See the PEFA 2016 Framework: https://www.pefa.org/resources/pefa-2016-framework

Why is budget credibility a useful concept for CSOs?

For civil society organizations (CSOs) that are engaging on service delivery issues and public accountability, budget credibility can be a compelling concept to use to start looking into potential problems with budgets and public finance systems.

A focus on budget credibility can strengthen efforts to improve service delivery. Many CSOs play a vital role in ensuring that governments deliver quality public services that address public needs, such as access to quality healthcare and clean water. When CSOs observe that a program or service is suffering from a lack of funding, part of the challenge may be that the allocated funding is not being fully spent. In these cases, budget credibility is a useful concept to help CSOs better understand the issues that may be preventing funds from reaching these programs and services and to help target their advocacy on specific reforms that will improve funding flows and support better services and program outcomes.

We have reason to believe that budget credibility issues are widespread and significantly impact funding for social and economic programs aimed at supporting vulnerable groups. Low-income countries, in particular, grapple with underspending, with one study finding an average of 14 percent of the approved budget remaining unspent. This amount is more than the health budget of many countries. Critical development sectors like agriculture and health often experience higher rates of underspending, receiving less funding than initially planned. Another study found that underspending on gender-related spending is especially prevalent, where three of the 13 countries studied spent only half of the approved budget lines related to gender. For these reasons, when CSOs are working to improve service delivery, it is helpful to also check whether the sectors, programs, and services that you are focused on have issues of budget credibility.

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Budget credibility as a framework for advocacy has distinct advantages. The concept of budget credibility as a framework for advocacy can be useful to CSOs and reform allies for several reasons. First, when governments face limited resources and competing priorities, CSOs may face challenges in advocating for increased allocations for their focus sector or program. Working with governments to spend what has already been committed is a way to increase funding for programs and services without asking for greater budget allocations. Second, advocacy to increase budget credibility can be based on budget commitments that have already been approved in the budget law, meaning that CSOs and reform allies will have a legal basis for asking governments to spend what they already committed to spend. Finally, monitoring budget deviations over time can be a useful metric for assessing whether governments are improving practices and ensuring funding reaches targeted programs and services.

When CSOs identify and call attention to budget credibility issues, this information can help mobilize and connect different stakeholders that have common interests in improving government performance. This includes grassroots organizations and other CSOs who represent communities that are impacted by inadequate public service delivery, who can use information about weak budget credibility to advocate for better spending practices. Other stakeholders include members of the legislature, who are interested in seeing the budget implemented as planned, and representatives from supreme audit institutions (SAIs), who look to identify spending irregularities and improve the performance of public spending. Reform actors within governments, especially front-line program or facility managers who are frustrated by government systems that prevent them from accessing or using funds they need to do their jobs well, can also be motivated by evidence of budget credibility issues. See the section on ‘Connecting with partners and allies’ for a more detailed discussion on potential reform stakeholders.

Engaging on budget credibility can strengthen accountability for public spending. Budgets tend to get more public attention when they are being approved, but less attention when they are implemented. Without sufficient public oversight, issues in the public finance system that are preventing funds from reaching critical programs and services may never be addressed by the government. Research from IBP’s Open Budget Survey has shown that national governments tend to be less transparent, provide fewer engagement opportunities, and have less legislative oversight of budget execution as compared to budget planning and approval. Even in governments that do transparently report on budget execution and budget deviations, few governments adequately explain the reasons for these deviations. Without sufficient accountability, governments may develop and approve budgets that cannot be realistically implemented as planned. On the other hand, governments that are more transparent during budget implementation also tend to have better budget credibility.
CSOs that engage on budget credibility issues can identify gaps in government transparency practices and encourage governments to release important data and explanations about budget execution. This data can be both important for research and analysis of budget credibility, while also ensuring that government accountability systems are working as they should be. CSOs that mobilize communities to engage during budget execution also increase public oversight of programs and services, strengthening dialogue between governments and communities that provides critical public feedback to governments on how services can be improved. CSOs that also advocate for greater legislative and external audit scrutiny of budget credibility issues can ensure that the formal oversight systems for public spending pay attention to and address issues of budget credibility.

Helpful resources:

These blogs and factsheet explain why budget credibility is an issue that needs greater attention from the public, civil society, and governments.


Understanding the budget process

To start engaging on budget credibility, the first key step is to understand your country’s budget process. Each country’s budget process is unique, with different institutions, laws, and policies that govern who makes important decisions, when they are made, and what information is made available to the public at each step.

Figure 1: Overview of the Budget Cycle

1. **Budget Formulation:**
   - **Key Budget Documents:** Audit reports; Legislative Audit Committee reports
   - The executive formulates the draft budget.

2. **Budget Approval:**
   - **Key Budget Documents:** Executive’s budget proposals; Supporting budget reports
   - The legislature reviews and amends the budget - and then enacts it into law.

3. **Budget Execution:**
   - **Key Budget Documents:** In-year reports; Mid-year reports; Year-end reports; Supplementary budgets
   - The executive collects revenue and spends money as per the allocations made in the budget law.

4. **Budget Oversight:**
   - **Key Budget Documents:** Budget law; Reports of legislative budget committees
   - The budget accounts are audited and audit findings are reviewed by the legislature, which requires action to be taken by the executive to correct audit findings.
The basic and common steps in a government’s budget process include:

- **Formulation**: The budget process begins with the government planning the budget for the next fiscal year. This includes setting goals for the budget, identifying the resources that will be needed to achieve these goals, and estimating the costs of different programs and services. Once the government has a plan for the budget, it begins to formulate it. This involves developing detailed budget proposals for each department and agency. These budget proposals are then reviewed by the government’s finance ministry or budget office.

- **Approval**: Once the budget estimates have been reviewed and consolidated, they are submitted to the legislature for approval. Depending on its legal mandate, the legislature may make changes to the budget proposals, but regardless, it is up to the legislature to approve the budget.

- **Execution**: After receiving legislative approval, the government implements the budget. This phase entails putting the budget proposals into action, directing and spending funds for specific programs and services, and reporting on funding that is spent and on outcomes achieved. Ideally, monitoring mechanisms are established within the executive government to track spending and progress during implementation.

- **Oversight**: During and after the budget execution phase, the legislature and supreme audit institution (SAI) provide oversight of budget implementation. Legislative committees monitor the execution of the budget during the year and request clarifications or explanations from the government if any irregularities or challenges emerge. After the end of the fiscal year, the audit institution verifies financial records for accountability and compliance. It ensures funds were spent as intended, identifies irregularities, assesses fiscal performance, and issues a report with findings and recommendations. This report is submitted to the legislature for their review and the executive government is expected to take action on issues raised in the audit report.

**Helpful resources:**

This UNICEF Technical Note explains how the budget process works, including different types of budget approaches and formats, stages in the budget process, and which agencies or institutions are responsible for each step.

Budget credibility research often focuses specifically on the process of budget execution. The steps in the budget execution process include:

- **Authorization**: Getting permission to spend on specific goods and services that are included in the approved budget.

- **Commitment**: Making contracts or reserving funds to spend on specific items or activities, setting aside the funding only for this purpose as the goods are being procured or services being delivered.

- **Verification**: The process of checking that the commitment is valid and that the goods or services have been delivered.

- **Payment Authorization**: Giving permission to pay for the goods or services that have already been delivered.

- **Payment**: Transferring or sending payments for the goods or services.

- **Accounting**: Recording the financial transactions that have taken place.

### Helpful resources:

The IMF has useful guides and technical notes that explain the stages of government budget execution, including the roles of different actors and the controls that governments should have in place to manage government expenditures.


During budget execution, governments can make budget adjustments or shifts between programs and activities through a process known as *virements.* Virements are adjustments made by the executive government that stay within overall expenditure limits set by the budget. In some countries, the government has laws in place that limit the authority of the executive to make shifts above a certain threshold without approval from the legislature through a supplementary budget. Even when these laws are not in place, legislatures can play an important role in monitoring budget execution. For example, legislative committees can regularly review in-year reporting on budget execution to assess whether spending is on track with the approved budget and achieving the government’s objectives and targets.

**Helpful resources:**

This IBP paper examines how much discretion executive governments have during budget execution, including inflated revenue projections and budget adjustments, noting that not all formal laws are followed in practice, and concluding that tighter controls on shifts in spending can lead to stronger budget credibility.


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While the concept of budget credibility focuses on deviations that occur during implementation, after the approval of the budget, the root causes of these issues can often lie in other phases of the budget. Here are some examples of risks in public financial management systems that can impact budget credibility at different phases of the budget cycle:

Table 1: Sample risks in public financial management systems that can lead to weak budget credibility

<table>
<thead>
<tr>
<th>Budget phase</th>
<th>Risk</th>
<th>Potential impact on budget credibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy formulation</td>
<td>Policies do not respond to public needs</td>
<td>Lower than expected public demand for services, for example, lower uptake of vaccine services than planned because of vaccine hesitancy</td>
</tr>
<tr>
<td>Budget formulation</td>
<td>Inaccurate revenue projections</td>
<td>Less cash than expected during the year for spending, can lead to delays in funds released to ministries for spending</td>
</tr>
<tr>
<td></td>
<td>Expenditure policies are not costed</td>
<td>Programs and services cost more or less than projected, leading to deviations</td>
</tr>
<tr>
<td>Budget approval</td>
<td>Late approval of the annual budget by the legislature</td>
<td>Delays in authorizing funds for spending, especially if interim measures for spending are not in place</td>
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<tr>
<td></td>
<td>Legislatures add unvetted or unplanned projects into the budget during approval</td>
<td>Governments struggle or fail to implement the new unvetted projects</td>
</tr>
<tr>
<td>Budget execution</td>
<td>Cash shortages</td>
<td>Cash releases or authorizations are delayed for certain ministries or programs, shifting priorities for funding from the approved budget</td>
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<tr>
<td></td>
<td>Delayed transfers to subnational governments</td>
<td>Program and facility managers do not have enough time to use funds if they are received too late in the year</td>
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<td></td>
<td>Weak internal controls to authorize expenditures based on established limits</td>
<td>Projects risk having cost overruns without adequate controls on costs throughout the project lifecycle</td>
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<tr>
<td></td>
<td>Complex procurement procedures lead to delays</td>
<td>Delayed procurement approvals or processing times can push back project timelines or service delivery schedules</td>
</tr>
<tr>
<td></td>
<td>Payments to contractors are not made on time (arrears)</td>
<td>Payments are not made in the planned fiscal year, and contractors may charge penalties or increase prices if not paid on time</td>
</tr>
<tr>
<td>Budget oversight</td>
<td>Government budget execution reports lack details on spending for programs and services or explain the impacts of deviations</td>
<td>Legislatures, auditors, and the public are unaware of deviations for specific services and do not ask for accountability</td>
</tr>
<tr>
<td></td>
<td>Legislatures do not monitor or review budget execution during the year</td>
<td>Governments deviating from spending targets aren't required to explain or justify shifts in budget priorities or address implementation challenges</td>
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</table>
Inaccurate revenue projections, unrealistic budgeting, and implementation challenges weaken budget credibility in Nigeria

When the Nigerian CSO BudgIT and IBP looked at Nigerian budget trends between 2009 and 2016, the data showed that the government had very low credibility both for revenues and expenditures, collecting less revenues than projected and spending less than was allocated. Initially, the massive underspending of the Nigerian budget was blamed on fluctuating oil prices that make it hard to predict oil revenues. Further research showed that the budget credibility issues have other causes, including legislative amendments made to the budget during the approval process that added additional projects that the government struggled to implement. Expenditure estimates for capital projects are also widely inflated, especially around major economic infrastructure projects. The research concluded that some of Nigeria’s budget credibility woes can be attributed to unrealistic budgeting, while others lie in implementation challenges faced by government agencies. These findings were critical for IBP and BudgIT to understand the context of budget credibility in Nigeria and to continue investigating specific causes and impacts of these challenges on critical public services.

Identifying budget credibility problems

Before a CSO decides to focus on budget credibility, it is important to ask:

**Is budget credibility a problem for my focus sector, program, or service?**

This is a difficult question to answer without conducting some initial background research. However, it is an important step before committing resources and time to a broader budget credibility investigation and engagement process.

Budget credibility is only one potential challenge for public finance systems that can lead to issues with service delivery. Service delivery systems are broad and complex. If a program or service is not working as it should, there are many potential causes, such as management issues, beneficiary targeting, or insufficient initial funding allocations. Budget credibility may be one of the causes that leads to poor service delivery outcome, but some initial scoping is needed to confirm this.

A good starting point is reviewing available budget data in public budget documents to see whether budget documents show any warning signs of budget credibility issues. This initial budget analysis is important even for governments with high levels of aggregate credibility, which means that the approved targets for total expenditures and revenues are close to the actual figures at the end of the year. Aggregate budget credibility can often hide trends within sectors, where underspending in one area of the budget may be offset by overspending in another.13

An initial analysis can focus on looking for deviations in budgets that relate to your focus sector, program, or service. Depending on how this focus area is funded, you may need to look at national or subnational budget documents. Note that it may be hard to find budget data that relates specifically to the programs or services you want to track. Budget documents are often presented with categories of spending by government agencies, such as ministries or departments. Finding the closest proxy for your program or service can help you get an initial sense of whether budget credibility is an issue in your sector or area of focus. See the Quantitative analysis: Data collection and analysis section for more guidance.

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In some cases, you may not find evidence that budget credibility is a major issue in your focus area. In that case, it may be more useful to use other public finance tools to engage with budget issues. However, if you find evidence of potential budget credibility issues in your focus sector, program, or service, then it is useful to begin planning a further investigation.

Identifying budget discrepancies in Zambia

The Jesuit Centre for Theological Reflection (JCTR), a CSO in Zambia, uses a budget tracking tool to compare allocated and spent amounts on education, health, water, sanitation, social protection, and agriculture. JCTR’s analysis has revealed discrepancies and irregularities in budget allocation and implementation, especially in social sectors and spending that is important for promoting gender equity. When funds are diverted, the organization collaborates with community action groups to educate and empower them in budget advocacy and human rights. By involving community members in meetings with the government, JCTR ensures that lived realities accompany budget figures, creating compelling arguments for spending these allocations as planned.

Read more at: https://internationalbudget.org/publications/addressing-gender-responsive-budget-implementation-how-civil-society-is-holding-governments-accountable-to-gender-promises-in-budget-execution/

Helpful resources:

The UNICEF Public Finance Toolkit is a useful guide for how to select, adapt and apply public financial analysis tools for better results for children, with explanations for how to adapt and apply 14 different analytical tools to the different sectoral and multi-sectoral issues and services that are essential for children to improve investments and results.

Developing a research approach

Investigating budget credibility is often an iterative process. CSOs that undertake research on budget credibility often do so with only a hypothesis that budget credibility issues are caused by problems in the public financial management (PFM) system, but without knowing where, when, or how they are occurring. As the research progresses, initial findings can help focus the research on specific areas or issues that undermine budget credibility. To facilitate this process, CSOs can benefit from outlining a research approach that defines the research’s purpose and scope, allowing for necessary adjustments while maintaining focus on the overall goal.

Most CSOs conduct budget credibility investigations with the goal of using findings as evidence for promoting changes and reforms in public spending outcomes. A successful research approach intentionally involves different actors and stakeholders who may become allies in the reform process and has a focus on generating findings that can be useful for successful advocacy. Here are some key principles that you can consider when developing your research approach:

- **Engage with communities and users of programs and services:** Engaging with potential users of the research from the start of the process is key to ensuring that the research is relevant and useful for the people that rely on those services. Grassroots organizations that represent communities can be key allies in this effort and can advise on the purpose and priorities for the investigation. Engaging with communities can also provide insights into how specific funding issues impact services in specific regions and locations. Involving communities early on builds awareness, understanding of budget issues, and fosters critical trust and relationships essential for pursuing reforms that address budget credibility challenges.

- **Build relationships with government officials as allies:** CSOs that investigate budget credibility issues may encounter initial hesitancy or resistance from governments. Some government officials and civil servants see CSOs as having a role only in monitoring service delivery outcomes, not in monitoring the processes that deliver those outcomes. CSOs that engage with government actors early in their investigations to explain the approach and seek inputs from governments can identify potential sources to help access data and explain how government systems work. Presenting initial evidence on the scale and scope of budget credibility issues to governments can be helpful as well; many actors within government are not aware of how pervasive or entrenched budget credibility issues are and can be convinced to support your efforts when they see the scale of the problem.
• **Go beyond basic budget analysis:** When investigating budget credibility, solid budget analysis is a useful start, however CSOs will uncover the most impactful and actionable findings only by digging beyond the data to understand why these challenges occur. The answer to this question will be found in the complex formal and informal government systems and political dynamics that drive funding decisions and flows. Uncovering this information requires an investigation process that focuses on having honest, meaningful conversations with those directly responsible for the government functions being investigated. Setting out a research approach that aims to uncover specific causes of budget credibility issues will help CSOs focus their team’s efforts on securing key meetings and interviews that will uncover these findings.

• **Connect budget credibility issues with service delivery outcomes:** When engaging on complex issues like budget credibility, CSOs will need to make the case that these issues are important enough to warrant time and effort to change or reform them. To do this, budget credibility investigations need to answer the question of: ‘so what?’ Connecting budgets to service delivery outcomes is a challenging task, but through budget credibility investigations CSOs can start to gather evidence on how funding shortfalls and shifts impact services and outcomes for communities. This evidence will be key in building a narrative around the importance of reform.

**Helpful resources:**

This IBP Learning Brief series shares lessons about how to equip grassroots communities with the skills to gain influence over budgets, including the role of collective agency, working with reform and accountability allies, and engaging with governments.


Building on these key principles, CSOs can work to develop research frameworks that will define the scope and key steps in a budget credibility investigation. The remainder of this section provides guidance on the elements of a research framework, which include: (1) setting research objectives, (2) reviewing existing literature, (3) mapping relevant stakeholders, (4) identifying and applying research methods, and (5) developing recommendations.

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1. Setting research objectives

Setting clear goals at the start of a research process can help teams focus on generating the most important findings. For example, if a CSO wants to improve public spending on sanitation services, such as the construction and maintenance of sewage systems, budget credibility issues should focus on the specific budget issues related to that service, such as examining the costing and project appraisal process for sewage systems, identifying the timing for funds release, and evaluating procurement procedures.

Developing specific research objectives tailored to uncovering budget credibility issues will help CSOs focus the scope of their research on the most important topics for that sector. Here are some sample research objectives:

- **Document the flow of government funds** from central and subnational governments to facilities or specific programs.
- **Identify deviations** between approved and executed budgets for relevant budget line items, including shifts facilitated through budget adjustments.
- **Analyze budget deviations in a target program or service** as compared to broader ministry or sectoral spending, and the overall budget.
- **Assess the quality of government reporting on budget implementation**, including the transparency of reporting on budget deviations.
- **Investigate the causes of budget deviations** at different stages of budget implementation and different levels of government.
- **Compare budget deviations with citizen generated data or government performance data** on service delivery outcomes, such as quality and access, in specific programs and services to understand the impact of budget credibility issues.

In selecting specific research objectives, you can help provide a structured approach for the research that will help you and your team focus on where to collect data and information, and on which analyses to conduct to best answer your research questions.
2. Reviewing existing literature

As with any form of research, a literature review at the beginning of the process can help you learn from previous work on the topic, identify knowledge gaps, and refine your research questions and approach. Some papers that you identify in your literature review may also have secondary data that can be used to complement your own data collection and analysis.

You will want to look for papers and resources that provide background and information on budget and public spending issues in your country, and potentially also on your focus sectors and programs. Here are various types of reports and resources that can be useful to look through for your country’s results:

- **Public Expenditure and Financial Accountability (PEFA) assessments** look at a government’s overall public financial management performance, including budget credibility. PEFA reports can be used to learn about the strengths and weaknesses of a country’s budget system, and to identify areas for improvement. Specific information about how your country has done in previous years on budget credibility, which is referred to as budget reliability in PEFA reports, can be found in the report sections on indicators, PI-1, PI-2, and PI-3. PEFA reports also include assessments of other aspects of the public financial management system that can lead to budget credibility challenges, such as.

  - More on the PEFA assessment of budget credibility indicators is available at: [https://www.pefa.org/node/4761](https://www.pefa.org/node/4761)
  - Other PEFA indicators that relate to public finance management systems that support budget credibility are described here: [https://www.pefa.org/node/4963](https://www.pefa.org/node/4963)
  - Publicly available PEFA assessments are available at: [https://www.pefa.org/countries-regions](https://www.pefa.org/countries-regions)

- **Public Expenditure Reviews (PERs)** follow an evaluation approach for checking on the efficiency and effectiveness of public spending. These reviews can be carried out on overall government spending, or in a particular sector. PERs are often used by governments and development partners to identify where and how policies and funding need to shift to get better outcomes from spending.

  - Examples of the World Bank’s PERs are available at [https://www.worldbank.org/en/search?q=public+expenditure+review&currentTab=1](https://www.worldbank.org/en/search?q=public+expenditure+review&currentTab=1)
**Fiscal Transparency Evaluations (FTEs)** are fiscal transparency diagnostics produced and published by the IMF based on the IMF Fiscal Transparency Code. These assessments include a review of the credibility of fiscal forecasting and budgeting among other evaluations of the quality and transparency of fiscal reporting.

- A description of the IMF’s work on fiscal transparency and links to country reports are available at [https://www.imf.org/en/Topics/fiscal-policies/fiscal-transparency](https://www.imf.org/en/Topics/fiscal-policies/fiscal-transparency)

**Budget briefs** provide summaries of budget analysis and are useful for finding analyses of budget allocations, execution, and reporting. Budget briefs are done with different formats and objectives, including customized methodologies to meet the needs of specific sectors. They can be developed around the time that draft budgets are being presented to legislatures, to provide additional analysis and to highlight key points for advocacy around the government’s budget plans, or after the budget is formally approved to raise awareness of key budget policies and funding issues.


**Public Expenditure Tracking Surveys (PETS)** are tools for tracking how money moves from the government to service facilities. They help figure out if the money allocated actually reaches its intended destinations. These surveys help uncover issues like resource leaks or delays, offering suggestions to make spending more efficient and services better.

- For guidance on how to conduct a PETS see Guidebooks from the World Bank at [http://hdl.handle.net/10986/2502](http://hdl.handle.net/10986/2502) and [https://ssrn.com/abstract=3486002](https://ssrn.com/abstract=3486002)
In addition to looking for resources on the list above, many organizations and academics produce independent studies that look at budget implementation, budget oversight, and public finance systems. These papers can provide helpful context and background to how budget systems work. Some tips for conducting a literature review include:

- Search for key words along with common related terms, such as public financial management, budget reliability, budget deviations, budget execution, budget implementation, budget variance, budget adjustments, budget performance, budget analysis, government spending, expenditure shifts, and financial accountability.
- Look specifically for reports and documents on public spending in a specific sector or program.
- Seek feedback from experts who work in your target sector and/or on public finance issues.
3. Mapping relevant stakeholders

Budget credibility analysis relies on a comprehensive understanding of the institutional structures and functions involved in implementing budgets. To understand these structures, CSO researchers should map out the different ministries, departments, and agencies that are involved in delivering services and the flow of funds to these different institutions.

While each country’s government structure is different, here are some categories of potential stakeholders to consider when developing a map of implementing agencies and funding flows:

- **Finance ministries**, which include budget officials that develop the budget proposal; authorize funds to be released to ministries, departments, and agencies; and monitor budget execution. Treasury departments within or separate to finance ministries manage government accounts, financial transactions, and issue payments.

- **Line ministries**, such as the ministries for health or sanitation, which manage sector strategies, develop budget proposals, and manage funds for different implementing departments and agencies. Line ministries also include specific departments and agencies that have differing responsibilities and functions related to programs and services. Finance officers in line ministries manage and monitor budgets, including expenditure requests and payment authorizations.

- **Project and facility managers**, who manage the day-to-day implementation of projects and contracts and often manage specific project or program budgets and manage teams that deliver services to the public.

- **Procurement officials**, who oversee the development of tenders and contract specifications, bidding and proposal submission, bid evaluation, and contract award, among other functions.

- **Subnational and local authorities**, who have varying degrees of responsibility for managing funds received through transfers from the central government, local budgets, and different service delivery functions that may be delegated to local governments.

- **Coordination bodies**, such as a sector working group or inter-governmental task force.

- **Development partners**, who provide funding and technical assistance to governments in delivering key services and programs in many countries.

- **CSOs and community groups**, who are often involved in monitoring services, coordinating public engagement and feedback on local service delivery, and in some cases directly provide services to communities, for example through the organization of local health clinics.

- **Legislatures and legislative committees**, which monitor budget implementation, conduct hearings, and review audit reports on public spending.

- **Supreme audit institutions**, which conduct compliance, financial, and performance audits that may look at budget execution and budget credibility issues.
When mapping out these different stakeholders and actors, it is helpful to consider several types of relationships, including funding flows, reporting relationships, and existing lines of coordination. This mapping will become a guide for identifying where to focus research efforts. For example, when IBP and UNICEF teams collaborated in Nigeria to develop a research framework for investigating budget credibility issues in immunization spending, the team's knowledge of the specific stakeholders involved in immunization service delivery helped them identify specific state government officials to interview, such as the Commissioner for Health, the Director of Finance and Accounts, the Local Government Accountant, the Executive Secretary of the Primary Healthcare Board, Medical Officers, Immunization Officers, and healthcare providers.

Helpful resources:

When mapping out key stakeholders, it can be useful to create a visual illustration of how funds flow between different government ministries, departments, and agencies.

This toolkit with training slides from Evidence for Action (E4A) – MamaYe provides a downloadable template for mapping funding flows: https://mamaye.org/resources/toolkits/how-establish-funding-flow
4. Identifying and applying research methods

We find that using a mixed-method approach of quantitative and qualitative analysis can generate the most useful findings when investigating the causes of budget credibility challenges and connecting them to service delivery issues. These mixed method approaches usually start with (1) a quantitative analysis, with data collection from budget documents and other secondary sources that is analyzed to identify the difference between approved and actual spending, also known as budget variance or budget execution rate, and trends in spending over time. (2) A qualitative analysis then builds on evidence from budget data to investigate the causes and impacts of budget deviations by seeking explanations and justifications through reviewing government reports and asking questions in targeted interviews and focus groups.

4a. Quantitative analysis: Data collection and analysis

To collect data for budget analysis to identify budget deviations, we suggest the following steps:

**Identify the relevant budget data sources.** First, determine the budget data sources that are relevant to your research objectives. This may involve tracking down budget reports, searching government websites or data portals, and locating other sources of budget data.

When collecting budget data, it is important to be clear about what kind of budget figures you are looking for. To do a budget credibility analysis, the two key data points for an initial calculation of budget execution rates, or the share of the budget, are (1) the approved budgets or estimates for the fiscal year, and then (2) spending at the end of the year. This data is normally found in the following budget documents:

<table>
<thead>
<tr>
<th>Data</th>
<th>Main Source Document</th>
<th>Other Potential Sources</th>
</tr>
</thead>
</table>
| Initial budget (allocations or estimates as approved by the legislature) | Enacted Budget; Supplementary Budget(s) | • Year-End Report (when reported as the basis for comparisons)  
• Supporting documents to budget proposals in subsequent years (when reported as the approved budget for previous years) |
| Also look for:                               |                                       |                                                                               |
| - Revised budgets (adjusted allocations approved by the legislature) |                                       |                                                                               |
| Expenditures (actual spending at the end of the fiscal year) | Year-End Report | • In-Year Reports (e.g., monthly and quarterly reports)  
• Cash flow or cash release statements  
• Financial statements  
• Performance reports  
• Audit reports (financial, compliance, and performance) |
| Also look for:                               |                                       |                                                                               |
| - Revenue collections                        |                                       |                                                                               |
| - Cash flow or cash releases                 |                                       |                                                                               |
| - Financial commitments                      |                                       |                                                                               |
| - Virements or budget reallocations          |                                       |                                                                               |
Where budget documents are not available, some budget data may be available from secondary sources, such as PEFA reports, PERs, PETS, and existing budget briefs (see the Reviewing existing literature section for guidance).

An additional potential source of detailed budget data is in the government’s financial management systems. Many governments use software called an Integrated Financial Management Information System, or IFMIS, which records data on each step of the budget approval and execution process. If possible, gaining access to this data can be critical for understanding where there are issues in the budget execution system. For example, if you see that far less funding is authorized by the finance ministry or treasury for spending by line ministries as compared to the amount approved in the budget, this can suggest cash flow issues, such as lower-than-projected revenues or delays in issuing debt to cover deficit spending.

Some countries share databases of transaction-level data from their IFMIS systems through a World Bank initiative called BOOST. This data is typically only available with a lag of several years, so will not provide the most recent data on budgets or spending in your country; it also requires experience using Pivot tables to navigate a large, detailed dataset. However, if you are comfortable with this type of analysis, BOOST can be a powerful tool for quickly identifying historical trends in government budgets and spending at a detailed, granular level. Search and download BOOST databases here: https://www.worldbank.org/en/programs/boost-portal.

Tip:

The Open Budget Survey (OBS) is a good source for identifying where national budget documents are located on government websites. Each release of the OBS includes a detailed questionnaire, where the first section reports on the public availability of eight key budget documents, including the Enacted Budget and Year-End Report. Responses to each question include a citation that includes a link and reference to where the document is located on a government website. Find the relevant questionnaire for your country here: https://internationalbudget.org/open-budget-survey/
Civil society in Sri Lanka uses audit reports to probe for lapses in budget credibility

In Sri Lanka, the civil society organization, Verité Research, has relied on audit reports to better understand the government’s spending and uses the evidence to hold the government to account. Underspending of the national budget has been prevalent and across critical sectors including health, education, social welfare, and agriculture. During the period 2011-2017, the government’s tendency to spend significantly less than what it allocated was particularly pronounced in agriculture, (except in 2015, an election year when many sectors were overspent). Absolute deviations ranged from 10 to 40 percent and compromised services that a significant proportion of Sri Lankans depend on.

The CSO has made use of the audit findings in their advocacy, including when writing briefs and press releases or in meetings with officials.


Collect the specific data needed from budget documents. Once you have located the budget documents, you need to download or collect the budget data needed for your analysis. This may involve downloading budget reports from government websites, manually entering data into a spreadsheet from budget or audit reports or using a data extraction tool to extract data from reports. Depending on the scope of your investigation, it will be helpful to review the data for different types of spending, as well as data on budgets and spending over time to look for trends.
Most budgets are structured around categories called *budget classifications*. Each government will have its own structure or coding for how to classify different expenses (called a Chart of Accounts). Common classifications to look for in budget documents and data include:

- **Administrative classification** indicates the institution spending the money, such as a ministry, department, or agency. For example, you might see the Ministry of Health or a Primary Health Care Division.
- **Program classification** is structured around objectives or activities being funded, such as spending on specific services or outcomes. For example, you might see a program such as Increasing Agriculture Productivity through Extension Services or Agriculture Research and Development.
- **Economic classification** notes the type of spending, for example, spending on personnel, goods and services, or capital or infrastructure spending.
- **Functional classification** reflects the sector or purpose of spending. For example, you may see spending on education, defense, and public safety.

Once you have collected the budget data, you need to clean and prepare it for analysis. This may involve removing errors, formatting the data with consistent units, and merging data from different sources. Ideally, you can find comparisons between the budget and actual spending by different budget classifications in the Year-End Report, which is international best practice. Budget proposals from prior years may also include comparisons between budgets and spending, which can be helpful when cross-checking data. Audit reports are yet another helpful source to double-check budget figures.

Be aware that not all data reported in different budget documents use the same reporting standards, resulting in inconsistent data across budget documents. Different data may be reported in budget execution documents that may not be comparable to the data reported in approved budget documents due to different reporting standards or changes in the budget classifications that are reported. For example, when the CSO Gambia Participates was gathering budget data for a budget credibility analysis, they found that budget figures did not match across budget documents, because budget execution documents only reported on the government’s spending of their own-source revenues, while the approved budget figures included additional committed funding from external partners such as grants and loans. Only after two years were consolidated figures reported in the budget documents, raising challenges for analyzing recent data, when this data would be most useful.

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What if data is not available?

If you are unable to find the budget data you need online, you may still be able to access the data you need by strategically identifying the people who collect this data within the government and employing different tactics to get them to share this data with you. Here are two approaches:

1. **Build relationships with key officials and civil servants.** Engaging regularly with relevant officials or civil servants who have access to data can help you navigate government systems and know where and how to submit formal or informal requests for data. To do this, you will want to explain your approach, why you are looking into the issues, and what you plan to do with this data. Ideally, you can find civil servants, similarly motivated to improve public services, who will want to serve as an ally in looking into and addressing these issues.

Another approach that can build trust is to include key officials or civil servants at workshops and events. Inviting these officials to present the data you are looking for and give them space to provide the context and explanations about both the progress and achievements they have made in the sector as well as the challenges.

Helpful resources:

This paper identifies key budget documents that report on actual spending as compared to the budget and look at what information governments commonly provide.

In Senegal policy dialogues become effective means of exchanging information and sharing data on the sanitation sector

In Senegal, the budget credibility research encountered several challenges in accessing disaggregated budget performance (allocated and executed) information in the sanitation sector. Officials in the sanitation ministry were not responsive to formal requests for information via official letters, face-to-face meetings with civil servants, telephone calls, or e-mails. In effect, sanitation budget data was treated as confidential and the preserve of state budget and audit institutions.

Our researchers in Senegal revised their strategy to get around this data challenge by convening dialogue workshops comprising sanitation ministry officials, civil society actors, and community leaders. This created an avenue for the different players to share what they have done so far in the sector, their plans, and the obstacles they encounter. These convenings have proven to be effective in generating budget information as government officials share data on past and ongoing sanitation programs, achievements, related expenses, and the budget execution challenges that hinder the delivery of promised services demanded by local communities. Following the discussions, officials were willing to share program budgets and monitoring and evaluation reports on request.

Similarly, social audit events were organized to provide social movements and community members space to voice their concerns over service delivery gaps in their communities and at the same time offered a place for state officials to respond to the concerns raised by citizens. Dialogue workshops appear to be a win-win space for officials of discriminated sectors like sanitation to amplify budgetary constraints that impede their work. Together with social movements the demand for improved budget allocations and disbursements to improve sanitation services is more effective.

2. **Submit right to information (RTI) requests.** Most countries have laws on the right or access to information policies that set up systems for how the public can request and access information held by government authorities. This right is captured in SDG Target 16.10 and measured by SDG indicator 16.10.2. By following the steps included in these laws and policies, civil society can often access specific information that is not proactively disclosed online by the government but is still produced in internal reports or in government databases.

When submitting an RTI request, be sure to be as specific as possible about the information you are seeking. It is also important to be patient, as it may take several weeks or even months to receive a response. Remember, if you are denied access to information under an RTI law, or if responses are delayed beyond the timeframe included in the law or policy, you may have the right to appeal the decision to a higher authority.
Retrieving elusive budget information through a “right to information” request in Ghana

Since 2018, Ghana has published an annual Sustainable Development Goals (SDG) budget report that tracks allocations to each SDG by the central and local governments. However, the Ministry of Finance did not report or publish a corresponding budget execution report based on the SDGs that shows actual spending as compared to these allocations. In the process of researching budget credibility issues in Ghana, IBP made several attempts to access budget execution data as compared to the SDG budget through inquiries made to government officials, but received no response. However, once a formal request for information was made through Ghana’s Right to Information Act, 2019 (Act 989), the Ministry of Finance responded positively and committed to releasing a report on actual spending on the SDG budget. Since then, the government has released two reports for SDG spending in 2022 and 2023. You can find these reports online here: https://sdg.mof-bism.com/

Read more about Budget Credibility and the SDGs in Ghana here: https://internationalbudget.org/publications/ghana-budget-credibility-and-the-sustainable-development-goals/

Helpful resources: 📚

The Global Right to Information Rating assesses the legal framework for the right to information in 138 countries, with links and references to the report and relevant laws. https://www.rti-rating.org/country-data/

Data analysis

Budget deviation analysis is a method of assessing budget credibility by comparing actual spending to budgeted spending. This can be done at the aggregate level, or for specific sectors or programs. Key calculations in this analysis include:

- **Budget execution rate** is the percentage of budgeted funds that are actually spent. It is calculated by dividing actual spending by budgeted spending.
- **Budget variance** is the difference between actual spending and budgeted spending. It is calculated by subtracting actual spending from budgeted spending.
- **Budget deviation** is the budget variance expressed as a percentage of budgeted spending. It is calculated by dividing the budget variance by budgeted spending.

Note that budget deviation is not the same as performance analysis. Performance analysis assesses whether or not programs are achieving their intended goals, and can complement an analysis of budget deviations. Budget deviation analysis, on the other hand, simply assesses whether or not the government is spending the money that it budgeted.

Comparisons of budget deviation rates can be made across sectors, or over time. For example, a researcher might compare the budget deviation rate for the education sector to the budget deviation rate for the healthcare sector, to the total budget, or compare budget deviation rates over time. Looking at trends over time is helpful to identify whether underspending or overspending in certain areas of the budget is a chronic issue, or whether it occurred in one specific year. Knowledge of these trends can lead to more meaningful conversations with the government about why certain sectors or programs are performing differently from others.

**Tip:**

When looking at budget deviation trends over time, it is useful to also look at trends of budgets and actual spending during these periods. For example, budget execution rates may increase one year due to budget cuts rather than because of increases in actual spending. This is key information to include in your analysis.
Here are some additional types of analysis, when data is available, that can complement your budget deviation analysis:

- **Share of total spending:** Calculating the share of the total budget that is spent in a sector or program can help give a sense of how those areas are prioritized in budget allocations. If you also calculate the share of total actual spending that is spent on those sectors or budgets, you can learn whether the share of the budget was maintained, increased, or decreased during budget implementation. In addition to budget deviations, these calculations can show you whether the budget deviation resulted in the sector or program being deprioritized during budget implementation.

- **Supplemental budgets:** In certain countries, governments modify their budgets during the year, seeking approval for revised estimates as a supplementary budget. These adjustments can involve significant increases or cuts to the original budget. Some countries make changes near the year-end, resulting in a final supplementary budget that closely mirrors actual expenditures. When analyzing budget credibility, start with a deviation analysis using the initial budget as a baseline. Additionally, consider the changes made by the government throughout the year. Calculate variances between the initial budget, adjusted budget, and actual expenditures to identify shifts compared to both the initial and adjusted budgets.

- **Cash releases:** If you are able to find data on cash releases or authorizations made for different spending units, such as ministries or departments, this data can also help you identify where in the budget process underspending and overspending occur. For example, if the finance ministry releases only a part of the total approved budget allocation to a ministry for spending, this may indicate cash flow shortages or budget reallocations (virements) that are being made by the government. However, if all approved funds are released to the spending unit, but they are not fully used, this suggests other issues with budget execution within the ministry. To do this, calculate variances between initial budgets, cash releases, and actual spending.

- **Type of spending:** If you can access spending data for your target sector or program that has a breakout by economic classification (i.e., salaries, goods and services, and capital spending), calculating budget deviations for each type of spending can provide insights into whether governments face challenges in different spending types. Previous research has shown that budget credibility issues occur most often in capital spending (such as building infrastructure), which are likely linked to issues in procurement and public investment management.
• **Source of funding:** Budget deviations may vary depending on how different programs and sectors are funded. Some governments include information on the source of funds for different ministries of programs, such as whether the funding comes from the government’s own-source revenues, loans, or grants. Donor-financed spending can spur credibility challenges, when there are delays in transfers or conditionalities related to donor financing. For example, an analysis of immunization spending in 22 countries found that underspending related to external financing from donors was strikingly more significant than underspending from government own-source revenues.\(^{17}\)

**Using benchmarks:** When analyzing budget credibility, it is often useful to set a standard for what is good practice when it comes to budget deviations. One international standard for budget credibility is included in the Public Expenditure and Financial Accountability (PEFA) framework. PEFA Indicators PI-1 and PI-2 include benchmarks on budget credibility for both aggregate and compositional (functional and economic classifications) expenditures as follows:

<table>
<thead>
<tr>
<th>PEFA Score</th>
<th>Budget Variance (Absolute Value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A (Best practice)</td>
<td>Less than 5%</td>
</tr>
<tr>
<td>B (Good practice)</td>
<td>Less than 10%</td>
</tr>
<tr>
<td>C (Basic minimum standard)</td>
<td>Less than 15%</td>
</tr>
<tr>
<td>D (Not meeting minimum standards)</td>
<td>Greater than 15%</td>
</tr>
</tbody>
</table>

Source: PEFA 2016 Framework\(^{18}\)

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\(^{18}\) The PEFA framework refers to budget credibility as budget reliability, and scores this indicator based on the best of the last two out of three years covered in the assessment, which allows for an ‘outlier’ year where deviations may be higher due to macroeconomic shocks or other justified reasons why spending may need to deviate unexpectedly from the budget. See p. 14-17 at https://www.pefa.org/resources/pefa-2016-framework.
Your country may also have a law that limits the government’s ability to shift spending between
spending units (ministries, departments), or above or below the levels approved in the budget during
the year. These limits can also be helpful to use as benchmarks in your analysis. Information about
these laws for national governments, including a reference to the relevant law and section, can be
found in the Open Budget Survey questionnaires, under the following questions:

<table>
<thead>
<tr>
<th>OBS Question #</th>
<th>Examines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q115</td>
<td>Whether the executive seeks approval from the legislature prior to shifting funds between administrative units, and whether it is legally required to do so</td>
</tr>
<tr>
<td>Q116</td>
<td>Whether the executive receives approval from the legislature prior to spending excess revenue, and whether it is legally required to do so</td>
</tr>
<tr>
<td>Q117</td>
<td>Whether the executive receives approval from the legislature prior to cutting spending below the levels in the Enacted Budget in response to revenue shortfalls or for any other reason, and whether it is legally required to do so</td>
</tr>
</tbody>
</table>

Source: Open Budget Survey

Another way that benchmarks can be used is by looking for international standards around sector spending. For example, many African Union countries have signed on to declarations around how much of their total national allocations should be distributed to different sectors. The 2001 Abuja Declaration set a target of 15 percent of total allocations for health, while the 2003 Maputo Declaration set a target of 10 percent of total allocations for agriculture. Calculating both how much of the government’s budget was allocated and then actually spent during the year can help show whether the government is meeting these targets both during the allocation of the budget and also in actual expenditures. When citing these targets, it is essential to recognize their potential impracticality, given governments’ limited resources and multiple different sectoral targets. The Overseas Development Institute (ODI) argues that these targets may encourage a siloed approach to spending, and governments may spend more effectively if they focus on budgets which reflect coherent planning across sectors, sustainability, and domestic accountability.

19 The OBS Questionnaire and Methodology, along with country questionnaires, are available at: https://internationalbudget.org/open-budget-survey/
4b. Qualitative analysis: Investigating the causes and impacts

While initial budget analysis can help you understand ‘where’ governments are deviating from their approved budgets, understanding ‘why’ these deviations occur is critical to figuring out how to address them. Moreover, as change will not happen unless governments are also motivated to address these issues, ideally your research can also identify the ‘so what’ – or the impacts that these deviations have on programs and services that people care about.

Do governments explain low budget credibility? Ideally, government budget documents should be a key source for explanations and justifications of why budget deviations are occurring. Explanations or justifications may be available in government year-end reports and/or performance reports from ministries, and potentially in audit reports. IBP has developed criteria for what a good narrative and explanation for budget deviations should contain in a budget report:

Five criteria to assess whether budget deviations are adequately explained.

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Budget execution documents should:

1. **Identify a causal link between a set of facts and deviations from the budget.** For example, the explanation for lower income tax revenue is that that wages were lower than projected, or that the capital budget was underspent due to procurement delays.

2. **Explain the mechanism by which this set of facts has caused deviations and, where possible, what caused these facts to occur in the first place.** For example, wages were lower than expected due to an economic decline because of lower commodity prices in a major sector of the economy, or procurement delays were caused by an insufficient number of staff approving contracts or errors in draft tender requests submitted by line ministries.

3. **Show whether the facts provided fully explain the budget deviations, including all the different components of the deviation.** For example, if the reason given for underspending in the health budget is that there was not enough revenue collected during the year, but the report also that some types of spending was underspent but other types were not, then there are other reasons for underspending in certain types of health spending that should be further explained.

4. **Show how explanations are consistent with past experience or else why conditions have changed.** For example, if health spending tends to be less when there is good weather, because of a lower incidence of disease, then this should also be the case in the past when there was good weather. If not, then the difference in the situation should be explained.

5. **Explain the most important deviations.** Government reports should prioritize explaining budget deviations that will impact people and communities the most, rather than just focusing on only some of the implementation challenges that they face.
Helpful resources:

Additional details on how to look for adequate reasons and justifications of budget deviations in government reports, and examples from analysis done by CSOs in 23 countries, can be found in these papers:


Unfortunately, IBP research has also shown that few governments meet these criteria for good practice. Some governments provide no explanations at all, while others provide only generic and simplistic explanations, which are not helpful for understanding where and how to engage with them to address these challenges. As a result, for most countries, it is useful to complement a review of budget documents with interviews or focus group discussions with key stakeholders.

Interview key stakeholders. Identifying the right stakeholders to engage with, however, is critical for collecting valid and usable insights into budget credibility challenges. Consider interviewing:

1. **Finance or Treasury officials:** This can include finance ministry representatives or budget office staff that oversee the development of the budget and the monitoring of the implementation of the budget.

2. **Implementing agencies:** When focusing on a specific sector or program, you will want to speak with line ministry or department officials and civil servants that are responsible for implementing policies and programs in the sector. This can include heads of departments/agencies and program managers, responsible for implementing specific programs or projects of interest. Financial controllers embedded in line ministries, such as finance team members, accountants, and internal auditors, can also provide key insights, as can those working on contract management and procurement of goods and services.

3. **Frontline staff:** Interviewing staff working in facilities or directly on the delivery of services can yield insights into challenges in implementation and how and when funding is accessed and released.

4. **CSOs and community groups:** Other CSOs and community groups working on service delivery issues in the sector or program you are focused on can help generate insights into service delivery or policy challenges that the government is not aware of, as well as citizen-generated data on the performance of key programs of interest.

Some researchers prefer to engage with these stakeholders through structured questionnaires, while others prefer more open-ended discussions. Interviews and focus groups can be structured around questions such as:

- Why have the observed budget deviations occurred? What are the underlying drivers?
- In some years, or in some programs, deviations may be lower – can they explain why this happens? What is different about these years or programs?
- How have these deviations impacted related programs and services?
- What should be changed and what reforms are needed to improve budget credibility in the sector?
From our experience, interviews are more effective when led by a researcher or team member who understands the budget process and is familiar with the results of an initial budget analysis. These knowledgeable interviewers are more confident to follow up on answers from the interviewees, to dig further into their responses, and to uncover more specific reasons and causes behind the broader justifications than interviewees may initially provide. For example, if a government health facility manager claims that underspending is due to a lack of funds released by the government, a skilled interviewer can ask questions like:

- Why is there a delay in releasing funds?
- When are funds usually released?
- Who is responsible for the decision to delay the release of funds?
- Why hasn’t this problem been fixed already?
- Who could fix this problem?
- What happens to the funds that are released late and can’t be spent by the end of the year?
- What does the government prioritize, in terms of spending, when facing a situation of delayed funds released? What is not prioritized?

These types of follow-up questions with the government can yield specific, actionable findings on the causes of budget credibility challenges that can be used to identify specific solutions.

Helpful resources:

This paper from the World Bank and WHO discusses budget execution issues in health and how they connect with issues in health service delivery outcomes and presents data on the scale and scope of budget execution issues in the health sector across countries.

Comparing budget analysis with performance data: Beyond understanding why budgets deviate, budget credibility investigations should make connections with the impacts of these deviations. A key way to identify whether budget credibility issues are impacting service delivery outcomes is to compare the results of your budget analysis with performance data. This can be done by comparing budget allocations to performance indicators that are reported in government budget documents or government performance reports. This comparison is most effective if you are able to connect specific budget line items with related performance outcomes. For example, in South Africa, researchers from the CSO Public Service Accountability Monitor (PSAM) could connect underspending in the Department of Water and Sanitation of an average of 35 percent of the approved budget between 2017 and 2021 to missed performance targets on the completion of large infrastructure projects; bulk raw water projects; and small regional projects under construction during those years.25

Helpful resources:

IBP’s How-To-Guide for Monitoring Budget Credibility of SDG Spending includes sample Excel templates and research frameworks to connect budget credibility trends with performance outcomes related to the SDGs.


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**Triangulating budget analysis with citizen-generated data:** Citizen-generated data can also be used to compare with trends in budget variance, to assess whether budget deviations are impacting service delivery outcomes. For example, a researcher might collect data from citizens about their experiences with public services, such as the quality of education, and compare that with budget allocations and actual spending in the education system to see if budget variances can be connected with service delivery challenges.

**Social audits in Indonesia help identify diverted support from fuel subsidies**

In Indonesia, IBP and the traditional fisherfolk association (KNTI) responded to community feedback that fisherfolk were not accessing or benefiting from a subsidized fuel program that was meant to support the livelihoods of these vulnerable coastal groups. These communities are supposed to receive 12 percent of the total fuel subsidy quota, but it was not clear how much of this subsidized fuel was actually reaching them. KNTI, with IBP’s support, conducted a social audit tracking how many fisherfolk could access the fuel subsidies and found that 82 percent of surveyed fisherfolk could not access subsidized fuel. This finding stood at odds with government figures that reported the overall aggregate fuel subsidy (which covers multiple sectors, including agriculture and health), was nearly completely spent.

Another Indonesian CSO, *Perkumpulan Inisiatif*, with expertise in budget analysis, used the results of a social audit, combined with an estimate of the subsidy amount received by fisherfolk communities, to estimate that only 26 percent of the targeted allocation reached these communities, while the rest was diverted to other sectors. As the government did not have its own systems for tracking spending on fuel subsidies by sector, this finding generated heightened attention and commitments to reform systems to expand access to subsidies in fisherfolk communities.

5. Developing concrete recommendations

Writing clear, specific, and actionable recommendations at the end of a research process is the critical final step. Good recommendations are difficult to put together. Many researchers default to offering generic and standard recommendations. Doing so, however, creates a risk that governments will not fully understand the urgency and importance of the reforms nor what specific actions are needed to improve budget credibility.

Based on our research and experience, here are a few suggestions on how to develop and write good recommendations:

- **Be specific.** Generalizations rarely lead to action. Instead, focus on specific recommendations that can be addressed by stakeholders and governments. For example, instead of “improve capacity,” you could say “develop a training program for budget and health ministry officials on how to use financial management software.” Instead of “increase transparency” you could recommend “establish a budget transparency portal with disaggregated expenditure data published monthly by ministry and program that is comparable to the approved budget.”

- **Tailor your recommendations to your audience.** Consider your primary audience and what their needs are. For example, if you are writing recommendations for government officials, you will need to focus on recommendations that are feasible and realistic for them to implement. If you are writing recommendations for civil society organizations, you may want to focus on recommendations that they can use to advocate for change.

- **Be evidence-based.** Your recommendations should be supported by evidence from your research. This will help to make your recommendations more persuasive. Broad, sweeping statements that are not backed by evidence can undermine your own credibility in making recommendations. Where possible, use case studies to illustrate how certain challenges have been overcome in other regions or countries.

- **Be realistic.** Your recommendations should be achievable and realistic to implement. Some findings from your research may be too complex or politically challenging for governments to realistically address right away. Consider prioritizing actions that can be accomplished in a short-to-medium term timeline – especially at the start of your engagement with the government and other CSOs.

- **Be clear and concise.** We cannot emphasize this point enough! Budget credibility can seem like a technical topic, but your recommendations will have more impact if they are easy to understand. Try to avoid using jargon or technical language.
Helpful resources:

When publishing research findings, many researchers default to writing long and technical papers. However, many of your key stakeholders for engagement have limited time and may not understand technical jargon. This resource from Evidence for Action (E4A) – MamaYe based on lessons from engaging on health budgets in Kenya and Nigeria offers helpful tips and templates for writing a concise and accessible brief with key findings from budget analysis: https://mamaye.org/index.php/resources/toolkits/how-develop-health-budget-advocacy-brief.

Addressing budget credibility challenges

Most CSOs will be looking into budget credibility issues with the aim of advocating for tangible change and improvements in the way public finances are managed and spent. As with any reform process, success may come from a mix of factors, including working toward feasible objectives, building the right relationships, good timing, broad collaboration and engagement with other like-minded groups and people, and persistence. Ideally, planning around how to approach these reforms should begin before and during the research process and should continue after your investigation has been completed. Many of the key relationships that will help spearhead reform can be cultivated and strengthened during your investigations and can help ensure that there is broad understanding and agreement with the results of your research and recommendations.

Building relationships with state officials in Nigeria led to rapid uptake of research findings

In Nigeria, our budget credibility research found significant underspending of the federal health budget and in Ogun State, and we attributed this finding to several factors including cash flow and disbursement challenges and bureaucratic processes. The findings were shared with government officials during validation meetings for their feedback and for agreement on practical steps to improve health budget execution. The discussions were cordial. Officials confirmed the findings and provided context and clarifications about aspects where they disagreed with the study findings. In Ogun state, the State Executive Secretary committed to working on bottlenecks around accessing the federal funding available through the Basic Health Care Provision Fund (BHCPF). The Executive Secretary of the Primary Health Care Board also noted that the State had begun deploying technical staff from the State Primary Health Care Development Agency (SPHCDA) to train and assist health workers in financial reconciliation. Progress has been made, as the state successfully received funding for the first quarter of 2023 from the (BHCPF) without any delays.
Identifying reform priorities

The results of your investigation will likely have identified multiple factors driving credibility challenges. These could include lack of coordination, limitations in knowledge or skills, complex procedures, insufficient staffing, or gaps of accountability controls or oversight. Some challenges may be more political. For example, budget forecasts may be intentionally inflated, or key government officials may benefit from the ability to make spending shifts and adjust priorities during budget implementation, rather than setting out priorities at the start of the year to be approved by the legislature.

Each of these challenges will require a targeted approach to address them. Once you understand the problem and identify the desired change, the next steps are to identify the pathways to change, including the incentives, the partners or allies, and how to communicate the issues through framing and messaging to help achieve the desired change. Attempting to address all causes of budget credibility challenges may diffuse advocacy efforts and result in a failure to gain traction on any single reform. A better approach may be an iterative, adaptive effort to reforms, where civil society actors and government collectively agree on which issues to prioritize based on several factors, such as:

- Which bottlenecks are the greatest impediment to critical services?
- Where are the opportunities for reform?
- Where can civil society’s contribution be most impactful?

A clear and focused request results in rapid procurement reform in Ukraine

In Ukraine, civil society uncovered the problem of ‘tender trolls’ or unscrupulous bidders challenging tenders and jamming the procurement system, resulting in delays in funding for road repairs and maintenance. Civil society/Center Eidos analyzed such complaints and brought those statistics to a meeting with the Ministry of Economy’s Department of Public Procurements, with whom they had built a strong relationship. Civil society proposed a solution: adding text as an addition to prohibit such trolling in the series of amendments in the law governing procurement that was already due to be brought to the parliament. Ministry officials were enthusiastic. While it typically takes between one and two years to move amendments through all of the stages required for approval, this amendment sped through, gaining parliamentary approval in September 2019 and going into effect the following April. Government heralded civil society for increasing the efficiency of public procurement and reducing the scope for abuse.

Read more at: https://internationalbudget.org/stories/that-dn-pothole-budget-advocacy-meets-road-maintenance/
Connecting with partners and allies

In successful reform efforts, collaboration is key. By engaging broadly with a wide range of stakeholders, you can identify potential allies and partners that share goals that connect to the budget credibility issues you have identified. Recognizing their specific interests and engaging with them in a sustained and open manner can build trust and establish the strong relationships that are needed for joint action. Key potential allies include:

**Communities impacted by service delivery gaps.** For a reform process to be inclusive and accountable, they should involve and engage the people who are most impacted by the issues. Governments often pay attention to the demands of broad-based membership groups, strengthening their incentives for reform. These groups can be critical counterparts in identifying the right reform priorities, especially if they are engaged from the beginning of the research process and understand the connections between budget credibility issues and the interests of their membership.

**CSOs and development partners.** Building a broad alliance of multiple actors with similar motivations – such as the improvement of critical services – will both add momentum to reform efforts and also help identify potential support for reform efforts. Many of the reform efforts that you may propose to the government would be difficult to implement without additional funding for capacity strengthening or technical expertise. Development partners, in particular, can be a critical source of support for reform efforts if they can see the connections between the reform efforts proposed and their own set of development priorities, and donors often have levers related to conditionalities in lending programs or support for technical assistance that can be targeted toward reforms that improve budget credibility.

**Government champions and central officials.** When engaging with governments, you will often find officials and civil servants who are already motivated to address challenges within the public finance systems. These could be reform-minded finance officials, or program implementers who struggle with trying to deliver quality services and are frustrated by the obstacles they face. By building relationships with these officials and civil servants, they can become key allies to help navigate government systems and identify the people who can make decisions and make reforms happen. These civil servants will often need political authorization to act, however. Working with these allies to present your case to high-level political officials to seek their buy-in and endorsement of your objectives and approach can catapult reform plans into action.
Oversight actors, including auditors and members of the legislature. Supreme audit institutions (SAIs) work to ensure the integrity and accountability of public finances and can be an ally in investigating and addressing budget credibility issues. Audits conducted on budget credibility challenges can dig further and issue recommendations for government action to improve credibility.\textsuperscript{26} Members of the legislature also have a key role in monitoring the implementation of the budget that they approved at the start of the year. Legislative committees, both those specifically on the budget and also those working on overseeing sector spending, can be allies in monitoring government reports and asking the government to account for spending deviations.

### Helpful resources:

This handbook provides detailed guidance for SAIs on different approaches and SAI experiences in auditing budget credibility. CSOs can use the guidance on investigating budget credibility issues in your own research, and also encourage the SAI in your country to use this handbook to look into budget credibility issues that you have identified.


Once you have identified your key allies and partners, it is important to identify ways to engage with this group in a coordinated manner that promotes joint action. Our work has shown that multi-stakeholder forums, involving all the key allies you have identified on a specific reform objective, offer critical space to support the reform effort through information sharing, target setting, problem-solving, monitoring of progress against proposed actions, and celebrating incremental wins. Once established, this group can also serve as a platform to seek high-level political authorization for their efforts. These convenings strengthen relationships, trust, and collaboration among these actors, supporting momentum and commitment to the need for reform.

A note on insider and outsider approaches: Many CSOs may have experience with generating pressure on government through media attention, petitions, or protests. We can think of this as an ‘outsider’ approach, that aims to motivate governments to change when they fail to act or take public concerns seriously. However, when pursuing government reforms around complex issues like budgets, evidence suggests that pursuing an ‘insider’ approach may be more effective. This can involve influencing government actions through formal and informal contacts within government, like providing technical analysis and convening coordination meetings. CSOs can also choose to use insider, outsider, or a mix of both strategies when promoting budget credibility reforms. For example, if direct engagement with government officials proves challenging, leveraging media or public campaigns, and even legal action, can be effective.

Helpful resources:
This IBP paper synthesizes lessons on how and why civil society campaigns on budget-related issues succeed or fail, finding that, when it comes to budget campaigns, CSOs cannot go it alone.

Engagement with the government on Fertilizer Subsidies in Ghana helps CSOs address issues of limited fertilizer supplies and payment arrears

In Ghana, reported fertilizer shortages in several regions led IBP and our CSO partner, the Peasant Farmers Association of Ghana (PFAG) to analyze the fertilizer subsidy budget and spending data and how it impacted fertilizer availability to farmers.

Limited consistent disaggregated data on planned and actual spending data, targeted and actual supplies, planned and actual beneficiaries as well as the stock of arrears, compelled researchers to rely on multiple data sources, including the draft budget, approved budget, annual performance reports, audit reports and interviews with government officials and fertilizer companies.

We found that the Ghana’s Fertilizer Subsidy Program (FSP) has been characterized by persistent over-expenditure and under deliveries. This is due in part to the government’s inability to pay private suppliers on time, an issue known as payment arrears. The delayed payments often hide the true amount of spending on the program each year, which undermines effective planning, budgeting, and oversight of the subsidy program.

To push for a more credible subsidy budget, PFAG leveraged its pre-existing relationship with the Ministry of Food and Agriculture (MoFA) to share evidence from their field visits regarding the supply shortages. PFAG specifically advocated for settling outstanding arrears due to private suppliers and increasing fertilizer availability to smallholder farmers. PFAG’s initial approach was to engage the media through press conference and media releases, but they also directly engaged with the government through written petitions and meetings with MOFA.

Although MoFA preferred direct engagements with PFAG without the media, it welcomed the combination of strategies deployed by PFAG. In response to these engagements and requests, MoFA supplied 32,000 bags of fertilizer in 2021 directly to PFAG for distribution to their members. They then increased this amount to 19,440 bags in 2022 during the peak period of global fertilizer shortages. MoFA has also worked to reduce payment arrears to suppliers and settled the bulk of outstanding arrears as of April 2023.

Building on an ongoing collaboration between IBP and the SAI, Ghana’s Audit Service, IBP recommended a value for money audit of the FSP base on the findings of the budget credibility research. Based on these findings, the SAI agreed to audit the fertilizer subsidy program as part of their upcoming audit program for 2023.

Read more about the budget credibility issues in Ghana’s Fertilizer Subsidy Program here: https://internationalbudget.org/publications/budget-credibility-and-the-fertilizer-subsidies-in-ghana/
Building narratives that show the impact on communities and the urgent need for change

Establishing partnerships with community groups to pursue shared goals and collaborative action holds the potential to transform the broader political landscape regarding reform. Crafting stories that emphasize how budget deviations impact communities can serve as a potent force in reinforcing these collaborative efforts. Documenting instances of progress and success is a vital aspect of this work. Depending on your advocacy approach, engaging with media can also be a critical way to expose a wider audience to the problems resulting from poorly managed budgets.

Narratives are overarching frames that shape how people perceive and understand reality. Narratives can influence attitudes, beliefs, and behaviors, and can create or change social norms. In our efforts to promote reform, we can use narratives to frame our issues, to challenge dominant or harmful narratives, or to shape alternative or positive narratives. For example, we can use narratives to reframe a problem as an opportunity, to explain the root causes of a situation, or to envision a desired future.

There are various ways to frame budget credibility issues to resonate with unique audiences. For example:

- **Moral arguments for taxpayers** - Budgets are moral documents. They reveal priorities and values, and as a society, they are the primary way that we care for one another. Deviating from such priorities can be a sign of government’s disregard for the people’s wellbeing.

- **Effectiveness arguments for governments** - Once approved, the government’s budget functions as a roadmap, guiding spending toward effective delivery of public services and progress on sustainable development. If governments veer off course, stakeholders, including investors and taxpayers, question why this happened and become concerned about related impacts. Repeated deviations erode confidence in the ability of government to make realistic plans and adhere to commitments.

- **Political economy arguments for governments** – when governments show that they are spending as promised, they can build or maintain power, including voters’ trust and resources in the budget. Publicly explaining or justifying deviations can negate perceptions of corruption and distrust.
Shaping an effective narrative depends on a thorough understanding of the problem and the audience and the setting of clear and achievable objectives. When crafting messages, clarity and conciseness are crucial. Identify the two to three most compelling messages, tailor them to the audience’s interests, and communicate the urgency of taking action.

**Helpful resources:**

This video series from IBP is an example of how to frame the complicated issues related to budget credibility in an accessible way that can help you connect with a wider audience on these issues.

Watch the videos here:

- What is budget credibility?
- What have we learned about budget credibility challenges governments face?
- What are the consequences when governments deviate from approved budgets?
What comes next?

CSO engagement on budget credibility issues is an emerging area of work, and we continue to learn about how to effectively investigate and engage on this issue in different countries and contexts. In many countries, budget credibility challenges have persisted for years, and there is much work that can and should be done on this issue with a wide variety of different stakeholders.

Through IBP’s Budget Credibility initiative, IBP will continue to document lessons and approaches on how to investigate and engage on budget credibility issues in ways that successfully promote reforms and improvements. New research and publications that document these lessons will be made available on IBP’s website here: https://internationalbudget.org/initiative/budget-credibility/

We will continue to update this toolkit as we learn more about what works, and what does not work, in our efforts to address budget credibility issues. Every organization and CSO that engages on these issues will have valuable lessons that we hope to learn from and share with others. If you are interested in finding out how to apply this toolkit in your work, or to suggest additions or revisions to this toolkit, contact Sally Torbert at storbert@internationalbudget.org.
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The International Budget Partnership works hand-in-hand with partners globally—from think tanks to social movements—to ensure everyone can understand, participate in, and track how public money is raised and spent. Together, we generate data, advocate for reform and build people’s skills and knowledge so that everyone can have a voice in budget decisions that impact their lives. The change we seek is a world in which people have the power to ensure public money addresses their priorities and reduces systemic inequality and injustice.

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